

**MINUTES OF THE GILBERT TOWN COUNCIL IN COUNCIL RETREAT OF  
AUGUST 6, 2015 AT 1:00 PM, ST. XAVIER UNIVERSITY, 92 WEST VAUGHN  
AVENUE, ROOM 153, GILBERT, ARIZONA**

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**COUNCIL PRESENT:** Mayor John Lewis, Vice Mayor Jordan Ray, Councilmembers Eddie Cook, Jenn Daniels, Victor Petersen, Brigitte Peterson and Jared Taylor

**COUNCIL ABSENT:** none

**STAFF PRESENT:** Manager Patrick Banger, Assistant Manager Marc Skocypec, Deputy Clerk Lisa Maxwell, Attorney Michael Hamblin

**AGENDA ITEM**

**CALL TO ORDER**

Mayor John Lewis called the meeting to order at 1:05 pm.

**THURSDAY, AUGUST 6, 2015 - ADMINISTRATIVE ITEMS;**

1. Council Administration - overview of the agenda, logistics and expected direction and decision points.

Mayor John Lewis welcomed everyone to the annual Council Retreat. He thanked Saint Xavier University for hosting the event. The theme is “This is Gilbert.” The question is “What will Gilbert look like in 30 years?”

Dr. Claudia Tomany, Vice Provost at the Saint Xavier University’s Gilbert campus, welcomed the Town Council and Town staff to the new facility. She thanked the Town for partnering with the University in bringing a campus to Gilbert.

Town Manager Patrick Banger said the Town’s actions are based upon the Town’s mission, vision and values. The six strategic initiatives are the basis of efforts undertaken by the Town each year. The strategic focus the first day would be Community Livability and High Performing Government. Town Manager Patrick Banger covered the ground rules and the roles and responsibilities of everyone during the Retreat.

2. Community Livability - presentation and discussion on:

a. Public Safety

- Fire stations update

- Certificate of Necessity/Ambulance update

b. Community Needs Assessment

- Needs Assessment Status update

- Needs Assessment Next Steps including Drug abuse/addiction trends and issues.

Fire Chief Jim Jobusch discussed the response capabilities of the Fire Department. There are three response times that the Fire Department can influence: 1) call processing, 2) timeout, and 3) drive time. The main focus of the department has been on reducing drive time since this can have the greatest impact. The Town-wide response average is under four minutes. As population has grown response times have crept up. All stations that will be needed north of Williams Field Road have been built. There are not as many stations to the south and response times there are a bit longer. Even with growth, the Fire Department has not exceeded the capacity of system. Requests for service increased around five percent for many years and that number is used for budgeting annual fuel and maintenance costs. In FY2015 the requests for service increased nine percent.

Station 9 will be the last station completed in the current Capital Improvement Program (CIP) cycle. The facility is scheduled for design in FY17 and construction in FY18. Going forward the types of calls received will influence growth. By looking at the types of calls in specific areas equipment and staff can be planned. Most calls are health-related and educating citizens to be safe will be a major focus in the future.

There was discussion about future staffing, equipment and station needs. The current prediction is 285 employees will be needed. Technology will be important and vehicles will be smaller to fit in more urban infill developments. Paramedic's scope of work will expand. Fires are not a problem today but as the Town ages so will the buildings but the focus will still be on growing the medical side of the department.

Fire Chief Jim Jobusch gave an update on developments with the Town's application for a Certificate of Necessity (CON). The application was accepted by the Arizona Department of Health Services (ADHS) and a hearing is scheduled for December. The Town is still waiting for contract language from American Medical Response (AMR) that they will not intervene in the Town's move to get a CON. As soon as the contract is final a transition team will be in place to move away from Rural Metro service to AMR service. A CON will allow the Town flexibility in forming partnerships and building programs that will provide service and protect citizens.

Community Resources Supervisor Jessica Carnahan gave an overview of what has happened since the 2014 Council Retreat. At that time Council prioritized the 18 recommendations identified in the Community Needs Assessment. Twenty-three assignments were given to staff and the Human Relations Commission. Of those assignments, 65% were completed in the first 12 months and 85% will be completed by October 2015. All of the top ten recommendations have been addressed with either implementation of a program, formation of a task force, or by handling the assignment in some other manner.

Moving forward the focus will be on bigger issues and community engagement. Currently the creation of a Wellness Center is in the public comment period to determine whether or not Housing and Urban Development (HUD) money can be used. There was discussion on programming and funding. If the Wellness Center does qualify for HUD money more discussion will be needed.

Chief Tim Dorn gave an update on substance abuse trends. Prescriptions drugs have become a gateway to heroin use. A survey showed the percentage of young users in Gilbert in the last 30 days is lower than the rest of Maricopa County in most categories except for inhalants, hallucinogens, ecstasy, and methamphetamine. There was a decline in all areas of drug use except for marijuana. Marijuana can be obtained from someone with a medical marijuana card. Prescription drugs can be purchased on the internet. The ages of first time users is decreasing. The message to the public and to young people in particular is that marijuana is not good. The vast majority of interventions with drug users occur with officers on the street. Narcotics officers are looking for suppliers and not users. In the Police Department lobby there is a place to drop off unneeded prescription drugs. They are working with pharmacies to get word out on where to take unused drugs so they can be disposed of properly.

The Police Department started a unit for domestic violence cases and they have been having good success. Their hours are noon to 10:00 pm. There was discussion on ways to get information to the public. Suggestions included a website, Gilbert Digital stories, YouTube videos, Channel 11 stories, and working with schools. A Faith Group Summit is scheduled for September 3 and this would be a good audience for this information.

3. Council Administration - presentation and discussion of DISC assessment.

Jim Hayden and Candy Body gave a presentation on DISC and how people can use the information to better communicate with each other.

**RECESS SPECIAL MEETING**

Mayor John Lewis recessed the Special Meeting at 5:41 pm.

**FRIDAY, AUGUST 7, 2015 - RECONVENE SPECIAL MEETING;**

Mayor John Lewis reconvened the Special Meeting at 7:56 am.

4. Council Administration - review agenda.

Town Manager Patrick Banger went over the agenda for the day.

5. Economic Development - presentation and discussion on:

- a. Gateway Airport Strategic Plan review
- b. Central Business District
  - Rivulon
- c. Northwest Employment Corridor
  - Heritage District - Calfee Group and Kimley Home
  - Spectrum.

Jane Morris, Executive Director of Phoenix/Mesa Gateway Airport, said new homes in area are key to Gateway Airport's growth and as the community grows it will help the airport. Existing

businesses are growing and the airport is working on attracting new development. There are 1000 vacant acres at the airport and they are strategizing how to best use that property. Allegiant Airlines had four percent growth in last calendar year. They want to move to Sky Harbor Airport but Sky Harbor Airport says there is not room. Gateway Airport is meeting with Allegiant Airlines to find ways for them to stay at Gateway Airport. Allegiant's current contract runs through December 2016. The Gateway Airport Board is in the process of strategic planning. Their interests are in real estate, air services, and tourism. There is a plan for public/private development to the east of the airport at Ray and Ellsworth Roads. The Board has asked staff to come up with ideas by working with other investors to determine what businesses are best to attract to Gateway. This may include air service, cargo, and other aircraft industries.

Infrastructure needs at the airport include a new tower. The current tower was there when the airport was a military facility and it is 40 years old. The Federal Aviation Administration (FAA) has a project that will improve flights in and out metropolitan areas. Airports and cities have asked the FAA to include communities in these discussions but they have not received a response.

There was discussion about incentives offered to airlines to get them to come to Gateway Airport. Ms. Morris said rates are set by the FAA. Any incentives have to do with flights to certain areas. Incentives are offered to all airlines. Allegiant was offered the same incentive but they were not interested in the destinations offered. They want to connect with bigger cities with hubs that connect to more destinations. There was a question about what percent of Gateway Airport's budget is paid by Allegiant Airline. Ms. Morris said they only pay operating costs, the airport has not asked for anything towards for capital needs.

Craig Townsend, Development Associate with SunCap Property Group, gave an overview of SunCap which develops, invests in and operates commercial property in North America. The project in Gilbert is called Gilbert Spectrum and it is located at the corner of Elliot and McQueen Roads. The current plan is for a multi-building business park with light manufacturing and office space. The buildings will be flexible and use can be adjusted based on market demand. The design of the first building was approved by the Design Review Board and it is currently under construction. When a tenant is available the building will be customized for their needs. There was discussion about the name Gilbert Spectrum since there is already a property with that name in Town. That is the name on the signed contract. There was discussion about neighboring properties that are zoned commercial and talk of converting them to residential. Mr. Townsend said residential development is not needed to support this property. There are enough residential areas around that can provide staff for the businesses. There is a Development Agreement being reviewed for this property with most needs being traffic driven needs since as traffic signals. The property will be owned by the Association but a user will have the opportunity to purchase their building if they want to do that.

Jim Rost, Nationwide Realty Investors, gave an update on the progress of the Rivulon project. At last year's Retreat the project was in the planning stages. Now some infrastructure is completed, LA Fitness is open, and construction has begun on some buildings. Phase 1 of the project is in southwest corner of the property. Rivulon Boulevard is complete to an interior roundabout and to

a future frontage road to Highway 202. Power lines are being relocated and an irrigation ditch is being buried on Pecos Road so when opportunity occurs development can move quickly in that area. Construction started on 17,000 square feet of high-end, in-line retail buildings. Construction on the Isagenix headquarters is well underway and should be complete by the end of this year. A four-story spec building to the east of Isagenix will be complete in September and tenants are being sought. Construction will begin on the next building after this building is leased.

Economic Development Director Dan Henderson gave an update on the Heritage District. A consultant was hired to study the area in order to update the Redevelopment Plan. The mission and vision remained unchanged. The consultant got feedback from the community and they presented their final recommendations to the Redevelopment Commission

Neil Calfee, CalfeeGroup, said the Redevelopment Plan needed refreshing as it did not contain the standards needed today. The task was taking the vision in the Redevelopment Plan and the wishes of the community and putting that into a plan. The other task was looking at parking. The Town has provided parking to downtown merchants. The question is should the Town charge for parking and use the revenue to provide for future parking needs. The recommendation is for new businesses or existing businesses that expand to pay towards parking needs. Town Ordinance dictates how much parking space must be dedicated for a business. Parking is not a problem today but it will be a problem in the future. Councilmember Victor Petersen said growth paying for growth is good but using those fees to pay for an elaborate building with over-inflated cost is not. Mr. Calfee said the fees would not be enough to pay for a parking structure but they could offset some of the cost. There was discussion about asking the public to authorize a bond sale to raise funds for a parking structure. The question is would voters to approve another parking garage without having businesses in the area invest in the garage. Councilmember Jenn Daniels pointed out the money used for the current garage was paid with bonds issued by a Municipal Property Corporation (MPC) and not voter approved bonds. The Town purchased land downtown when prices were low. Money from the sale of any land downtown should be invested in the downtown area. Councilmember Eddie Cook has talked with other municipalities and they have found not charging merchants for parking has worked for them.

Another issue discussed was enhanced services in the downtown district. Property owners can elect to assess additional property tax to provide additional services. If the Town cannot provide the additional requested services this money would go to pay for those services.

Michael Grandy, Kimley Horn, conducted a parking occupancy study at peak and off-peak times. There is ample parking if a person is willing to walk more than a block. At some point in the future parking space will run out. It is projected over 6,000 spaces will be needed at build-out and the only option will be parking structures. Park-plus is a model used to test different scenarios on parking demands and where traffic will going. The recommendation is to have on-street parking time restrictions using signs or meters, specialized parking standards for an urban area, and two new parking garages. Currently vehicular and pedestrian traffic is accommodated. Bicycle crash rates are high. Restriping roads and off-street paths with an internal loop connecting with power-line trail would help. Connecting Ash Street to Collumber Street to create

by-pass of downtown corridor would help traffic flow. There was a discussion about either an underpass or overpass for the railroad. That is not feasible in the short distance. A bridge over Gilbert Road at the power line trail for foot traffic and bicycles is a better idea.

6. High Performing Government - presentation and discussion on:
  - a. Benchmarking update
  - b. Communication initiative update
  - c. STAR Employee Performance Management update.

Assistant to the Manager Mary Vinzant gave an update on benchmarking. Performance measures allow the Town to compare with other communities. This data drives decisions made in the Town. Gilbert was one of ten cities to receive the International City/County Management Association (ICMA) Certificate of Distinction. The eleven largest cities and towns in the Valley are looking at 2014 data and they will publish their first annual report. The seven main focus areas are fire; police; library, parks and recreation; streets and transportation; water, sewer and trash; and finance and administration. The report shows averages and metrics for the different communities. Some of the data is normalized so that the numbers from Phoenix do not skew the data. The report will be posted on website

Human Resources Director Carrie Bosley reported on the Town's efforts to develop an organization-wide system for communicating with staff that aligned with the Town's values. Second-in-Command and Supervisor group meetings were started. A core team of directors attends all meetings to ensure there is a clear and consistent message to everyone. This is also a way for information to move up from staff to management. The Second-in-Command group collaborated on the budget and there was a joint meeting with the Exec Team. Ad-hoc committees are formed to address specific topics such as the personnel rules. Staff will continue to monitor feedback and look for further leadership development opportunities.

Human Relations Director Carrie Bosley also reported on the Performance Management Program. The objectives were to improve recruitment and retention, motivation, and incentivize exceptional performance. The system is flexible and responsive to changing needs. Staff at all levels were educated on core and functional competencies. The Human Resources Department worked with supervisors on journaling and having difficult discussions with employees. They also trained staff on using journals to help in writing year-end appraisals. A process for normalizing scores among departments was developed. Calibration discussions were held at the Exec Team level to ensure consistency across all departments. Public Works Director Ken Morgan said the calibration meeting was enlightening. Having to defend ratings opened people's eyes and they had to go back and re-evaluate rating in order to be consistent with Town standards. Parks and Recreation Director Rod Buchanan said employees appreciated getting feedback in the reviews. Human Relations Director Carrie Bosley said her department can run reports with the Wingspan software and get information instantaneously. A Comp Committee looked at the different pay bands and at the levels in bands. The bottom two bands did not receive a payment. Sixteen percent of staff fell in the very top band and they received a five percent payout.

There was discussion about the software used by Human Resources. Without this software the Town could not have developed this type of review process. Managers, supervisors and staff can upload annual goals. Human Resources can set cut-off dates for reviews. Human Resources Director Carrie Bosley said \$1,000,000 fully loaded was set aside for one time payments and actual payments was less than that. A little over \$300,000 went towards people moving up to the market rate in their position. Councilmember Jared Taylor said employees have tools such as Lean Six Sigma and he would like to see goals that save tax-payer money. He would also like departments to have money savings goals as well.

7. Technology Leader - presentation and discussion on:
  - a. Digital Roadmap update
  - b. Technology update.

Communications Department Director Dana Berchman said her position looks different from Communications Directors in neighboring cities because of Town Manager Patrick Banger's vision. Her focus is on leading Gilbert's digital strategy. When the Digital Roadmap was first created it was to be a five-year plan but things moved quickly. The updated roadmap is available on the Town's website. One highlight is the digital State of the Town. This is shared with businesses looking to relocate here. Last year's theme of the State of the Town became a year-long promotion. This year's theme is Building Our Future. Another highlight this year was the Spark App League, a mobile application development program where students create useful applications using Town data. The program attracts students from across the state with the thought of expanding outside of Arizona.

The Communications Department created a Digital Newsroom which is a hub where news organizations can go to get high-quality news footage, raw footage and other information loaded onto an ftp site. News organizations can use this information when they run stories. In recent years the change has been instead of having stories written about the Town, we write the stories. Communications Department Director Dana Berchman said she is looking at demographics and making sure that people are getting the news no matter what the platform. Social media is way to get messages out and be responsive when people have problems.

Information Technology Director Mark Kramer said two years ago he was discussing what was needed to provide support to the other departments in Gilbert. The answer was sustainable infrastructure. A five-year plan was developed and we are currently on year 3 of that plan. Equipment is on a five year replacement schedule. There is a redundant system in place at fire stations so there is always service. The department is working on improved documentation. All production systems are backed up at an off-site location. Tier 1 applications are tested twice a year and Tier 2 applications are tested once a year.

The Information Technology Department supports other departments which provide service to residents. They help departments apply technology so they can be high performing. There is a process used by the department to help them evaluate projects. Information Technology Director Mark Kramer went through several past and scheduled future projects to show how the process works. There was a discussion on how resident data is kept safe. A security audit by a third party

earlier this year showed the biggest risk is from someone entering the building and going to someone's computer or from callers trying to trick a staff member into giving out log-in information. All this has been included in the Information Technology Department's documentation. Some critical areas such as the Police Department and water plant have higher levels of security. There is no evidence anyone has tried to hack into the Town's system but it is likely no one could tell if they did. The Town tries not to collect any banking information from residents.

There was a discussion about money spent on technology solutions and the impact. Councilmember Victor Petersen said he would like to see a report showing efficiencies created from technology and dollars saved. He would like to see objective measureables. Councilmember Jenn Daniels said people are still needed to implement and sustain programs. The Information Technology Department can only do much with small team

8. Infrastructure - presentation, discussion and possible direction on:

- a. Long Range Infrastructure Plan update
- b. Capital Improvement Plan update
- c. Transportation Master Plan
  - Master Plan update including multi-modal strategy
  - Southeast Valley Transit System Study update
  - Commuter Rail update
  - Loop 202 interchange at Lindsay Road update
  - Transportation Master Plan strategies and next steps
- d. Floodplain Management update
- e. Water Conservation through Rebate Programs
- f. Parks Master Plan
  - Master Plan update including new regional park
  - park naming options
  - repurposing surplus property
- g. Public Safety Training Facility.

Public Works Director Ken Morgan discussed the maintenance of the Town's infrastructure. The challenge is determining the best approach for maintaining the infrastructure. The previous view was to run things until they broke and then repair them. By performing a minimal amount of maintenance equipment will last longer. Performing optimized maintenance leads to equipment lasting much longer and performing much better. The actual operating cost over the entire life of the equipment is lower when preventive maintenance is done. The focus of the Long Range Infrastructure Plan (LRIP) is to assess the condition of assets and to replace equipment now that needs replacing; review the procedure for doing maintenance and/or replacing equipment; and budgeting for maintenance of the asset annually. There are slow times during the year and maintenance can be scheduled when a plant is closed. The LRIP is tied to activities of crews and they are performing assessments and maintenance now. Public Works is using Global Information Systems (GIS) tools and Lean Six Sigma principles to do things more efficiently and effectively. By planning maintenance at water plants less water is lost and residents can prepare for the time when they are without water. Each budget cycle staff look at what maintenance



needs to be scheduled and they budget for that. Councilmember Jared Taylor asked for quarterly updates showing the stages of the different maintenance projects. There was discussion about recognizing infrastructure needs as on-going expenditures and how they need to be paid with on-going revenues.

Capital Improvement Project (CIP) Manager Eliana Hayes said as a community grows infrastructure is built or installed. It is maintained and then at some point you have to rehabilitate that equipment. The Town still has places where infrastructure is left to be built but they are now at a point where there is a need to start to rehabilitation of infrastructure. In a CIP plan the first year is the implementation stage. The second through the tenth years is planning for finances. Today there are water resources, parks, and transportation projects in the CIP plan. In the LRIP there are streets, water, waste and reclaimed water, and parks projects. The CIP map on the Town website links to the projects with a status of that project. All projects identified in the CIP plan will cost over \$1,000,000,000. Not everything in the different Master Plans is included in the CIP Plan so the cost would actually be more.

Interim Traffic Engineer Leslie Bubke said the Transportation Master Plan integrated earlier plans into one. Tools for prioritizing projects are included. Criteria were developed to rank the different projects. Input was received from residents and transit was requested as the area most in need of attention. Land use is very important in planning future traffic needs. Since transit is regional in nature the Town is working with neighboring communities, Maricopa Area Governments (MAG) and Valley Metro.

Jorge Luna, Valley Metro, and Marc Pearsall, MAG, gave a report on the Southeast Valley Transit System Study update. This included local transit buses, express service, neighborhood circulators, transit centers, and park-and-ride lots. Trip reduction programs such as car-pool, light rail, biking, and van pool were also included. Transit benefits economic development, the environment, and society. The purpose of the study was to identify current needs and predict future needs. The results of the study will be used to develop future programs.

Transportation Coordinator Kristen Myers gave an update on the Arizona Department of Transportation (ADOT) Passenger Rail Corridor Study. At the beginning there were many options and after an elimination process there are now three final alternatives, the yellow, green and orange routes. The yellow route bisects Gilbert. There were 5000 survey responses and the yellow route was preferred. It is also the most technically feasible. Before study is accepted by the Federal government additional analysis and an Environmental Impact Statement must be completed.

Transportation Coordinator Kristen Myers provided an update on the proposed Lindsay Road interchange at Highway 202. Rapid growth in this area has led to the need for additional access to the freeway. This interchange is identified in General Plan as a way to accommodate growth. Support from ADOT was needed since it is their system and they did give their support to this project. The Town will work with a consultant to create a design concept report and identify alternatives. The Town will then begin public outreach.

There was discussion on expanding transit in Gilbert. The yellow route of the passenger rail would have the most impact on Gilbert. Funding discussions will come later. The Town wants to make sure they are involved in the discussion in the future and they are working with MAG, ADOT, and Union Pacific. Where and how the lines will run in conjunction with freight lines has yet to be determined. The Southeast Valley Transit System study should help provide answers to how Gilbert fits in. In Gilbert ridership numbers are very low. The cost of using Uber is less than using the metro and Uber is customizable to what you need. Town Manager Patrick Banger said nothing is concrete now. As to potential light rail expansion, we are working with neighboring communities to see what is best. The Regional Transportation Plan (RTP) is collecting data and will use that information to improve routes. Right now Gilbert does not have the density to support light rail but that does not mean that it will not in the future. The Town does not want to limit its options. When more information is available it will be provided to Council.

Development Engineer Tom Condit gave an update on Floodplain Management. Since Gilbert participates in the National Flood Insurance Program Gilbert residents get a ten percent reduction in their insurance rates. The recently completed Chandler/Gilbert Floodplain Delineation Study updated the area floodplain map by using new technology and more accurate ways to measure floodplains. The result of the study is an additional 250 homes were added to the floodplain and 300 homes were removed. Homeowners added will be required to purchase flood insurance if they have a mortgage. The Town has a list of those homes and they will notify the affected people. The Town is working to get new elevation certificates for homeowners who will need those to get rates from their insurance company. There is a public meeting on September 22. The Federal Emergency Management Association (FEMA) and the Maricopa Control Flood Control District will be there. Maps become effective November 4.

Water Resources Manager Eric Braun gave an update on the Town's Water Resources. As new water supplies are added the average costs goes up. The Town has the opportunity to eliminate one water supply through increased conservation. Central Arizona Project (CAP) and Salt River Project (SRP) are the largest suppliers of water to the Town. Conservation is accomplished through education and outreach. Intervention efforts help residents and businesses reduce water usage. These actions added up to 750 acre feet of water last year. Thirty percent of water usage is indoors. This water can be treated and re-used. The biggest return is reducing outdoor water usage. The goal of water conservation rebates is to produce a permanent change in water demand. If irrigating property the time to install that equipment is during development. Roosevelt Water Conservation District (RWCD) can provide water for irrigation. One possible funding source for future water is a conservation surcharge. Councilmember Victor Petersen asked about charging high volume users more as set in a rate schedule. Assistant Town Manager Marc Skocypec said the Town has to prove it has a 100 year supply of water. The Town cannot buy the water each year, they have to buy enough for a 100 year supply. There are settlements for water with the White Mountain Apache tribe and the San Carlos Apache tribe that will be completed in the next few years. The CAP allocation will be available in 2027. That will be close to the Town's 100 year need. Councilmember Victor Petersen said his concern with a rebate is more will be given away than is given up. With an appropriate cost there will be a natural reduction in use. There was discussion about whether to pursue active conservation or to remain passive. Staff can look at various cost models that charge more to high volume users, including

the City of Chandler's model for new commercial users. Generally it takes an increase of five to ten times more before behaviors began to change.

Parks and Recreation Director Rod Buchanan gave update on major accomplishments of FY2015 including obtaining land for a park at Chandler Heights basin, completing the field needs assessment, upgrading seven playgrounds, analyzing service to determine what services are needed, benchmarking fees based on market and demand, completing an inventory of equipment and beginning a preventive maintenance program to extend the life of equipment. In FY2016 the department is looking at renovating three more playgrounds. A new reservation system will provide data for accurate analysis as the department looks for complete cost recovery of their programs. The department received a grant to use to standardize path and trail signs. Inventory and maintenance guidelines will be created. A marketing plan for Freestone Park and the Riparian will be developed. Development of the new park will begin. The Request for Proposal (RFP) for the conceptual design of the park was released Thursday, August 6. Councilmember Jared Taylor said he would like for the Parks, Recreation and Library Services Board to find ways to double the shade in the parks using either shade structures or trees. Shade is most requested at playgrounds and it is being added at the upgraded playgrounds. Councilmember Jenn Daniels said her children enjoy big playgrounds with lots of different activities. Parks and Recreation Director Rod Buchanan said splash pads are frequently requested. Self-directed activities are the most cost effective.

There was discussion on the different options for park naming. Currently there are two policies concerning park names, the Parks and Recreation Naming policy and the Advertising, Sponsorship and Naming Rights policy. Council can use one of those or a combination of the two. The Town can receive money based on who donates the money and the length of time the name will be in place. Parks and Recreation Director Rod Buchanan said staff looked at various contracts for naming rights and he believes the Town can get between \$500,000 to \$1,000,000 over a 10 year period if they follow the Advertising, Sponsorship and Naming Rights policy and have an organization's name on the park. Option 3 which is a combination of the two policies ("Gilbert park sponsored by 123 Corporation") results in less revenue for the Town. Parks and Recreation Director Rod Buchanan estimates the Town would receive between \$100,000 to \$200,000 over the same ten year period. Some Councilmembers leaned towards option three because they want this to be a Gilbert park. Fields within the park can also be sponsored. Any contract with an organization to name the park would have to come before Council for approval. Construction will begin in a couple of years and it would be nice to have name. An RFP could be released to see if there is interest. Mayor John Lewis suggested giving the public the option to vote on the park name.

With the acquisition of Chandler Heights basin the Town now has an opportunity to figure out what to do with parcels of land that are ten acres or more that are designated in the Master Plan as potential parks but are no longer needed for a park. The Parks, Recreation and Library Services Board endorses removing some of these properties from the list for potential park use. Some of the land will be held and re-evaluated for other purposes in Town. As long as the use is

identically replicated somewhere else in Town the property can be sold if it was purchased with money from bond sales. A discussion of selling property will be held later in the Retreat.

Fire Chief Jim Jobusch talked about the need to construct a public safety training center. As the Town has grown there has been an increased need for a public safety training center. The Fire Department has been using parking lots and parks for training. The Town has agreements with neighboring cities to use their facilities but these facilities get busy and it is difficult to book time there. The Skills Center has worked as a transitional facility but it has limited space. The Town-owned property on Rittenhouse Road is a good location for a facility because there are no neighbors. The training center can be shared by the Fire and Police Departments. There are other opportunities to partner with other communities including Queen Creek. When Fire Department staff go to out-of-town facilities they are out of service during that time. That would not happen when using a facility in Town. Firemen are required to have 60 hours of training a quarter. Not all training must be done at a facility, some can be conducted at a fire station. Councilmember Jenn Daniels said she would like to have a better understanding of what training is needed and why parking lot training is not adequate. This property is good location for a training center since there is not a residential area nearby.

#### **RECESS SPECIAL MEETING**

Mayor John Lewis recessed the Special Meeting at 5:10 pm.

#### **SATURDAY, AUGUST 8, 2015 - RECONVENE SPECIAL MEETING;**

Mayor John Lewis reconvened the Special Meeting at 7:51 am.

#### **9. Council Administration - review agenda.**

Town Manager Patrick Banger gave an overview of the day's presentations and discussions.

#### **10. Balanced Financial Plans - presentation, discussion and possible direction on:**

- a. Fund Balance Scan
- b. Special Census update
- c. Public Safety Personnel Retirement System and Arizona State Retirement System update
- d. General Obligation bonds
- e. Operating and capital funding approaches.

Budget Analyst Cris Parisot gave an overview of the minimum fund balance policy for the general fund, and the streets and enterprise funds. There is not a minimum fund balance policy for the debt service fund. Budget Analyst Cris Parisot went through the strengths, weaknesses, opportunities and threats for the different funds.

Budget Director Kelly Pfof said all the money for debt service payment is collected from assessments on property. There is short-term volatility if people do not pay one year, with a gap of a year before any money would be received after placing a lien on the property. Budget

Director Kelly Pfost reported the collection rate is over 99%. Budget staff recommends enacting a minimum fund balance policy for the debt service fund with the following provisions: in April set Three-Year Debt Service Plan/Proforma; in May/June set levy; and if the remaining Debt Service Fund Balance exceeds five percent of next year's Debt Service Cost consider the use of Fund Balance (in excess of five percent) for the following purposes in order: 1) reduce total interest cost; 2) reduce total term of debt outstanding; 3) reduce the proposed levy/tax rate; and 4) hold balance to leverage for future opportunities. State statute does not allow municipalities to collect payment over what is due that year. They may not go back and collect for any shortfalls from prior years to replenish any funds expended from the debt fund balance. The debt fund can only be replenished with a general fund contingency transfer. If a bad year is anticipated the rate set must take that into account. The recommendation is to set the minimum at five percent and not a specific dollar amount. Five percent is a conservative estimate.

Over the next six years the money owed for debt services is flat and then it is nothing. When there is new debt the structure will have to be examined. Interest rates will be rising. With changes in state law debt can only be issued in April, May or June since the law does not allow for setting a levy for what you anticipate selling, only for what is already on the books. If debt was issued at another time the fund balance could be used on a one-time basis to make those payments in the gap until the tax is collected to pay debt. Staff will put this together into a policy and bring it back to Council.

Management Support Analyst Justine Bruno reported recruitment for Census staff began in June. Page Park will be their headquarters. Hiring began this week and work should be completed before the end of year. There is the need for 450 employees, 400 of whom will be enumerators. The Town is doing outreach to the community to inform them of the special census. The cost of radio messages and other publicity is being shared with other communities that are conducting a census. After the count is complete if the number seems off there is the opportunity for an additional campaign to target people not counted.

Assistant to the Manager Mary Vinzant gave an overview of the State shared revenue process. It is based on population, total revenue collected and how the revenue is divided. There are four sources of revenue: sales tax, income tax, Highway User Revenue Fund (HURF), and vehicle license tax. Revenue from sales and income taxes go to the general fund. Revenue from HURF and the vehicle license tax go in the street fund. The sales tax and income tax allocated to a municipality is based on the number of residents in the last census. The last census was 2010 and the estimated growth since the census is 13%. The total number of additional people in Gilbert is roughly the same as the number of residents in the Town of Fountain Hills. .

Interim Intergovernmental Relations Director Heather Wilkey said there was a proposed League of Cities and Towns resolution in 2015 to change the way the number of residents is calculated when distributing revenue but it was not passed. There is potential legislation in 2016 that would update population numbers annually. This would allow for updated numbers to be distributed in July. If this legislation fails the Town would still have the census number that would be used. This legislation is expected to provide options on which population number is used and at a later time a consistent number would be selected. There is currently discussions with the

municipalities that are not conducting a census on what to do if they receive updated population numbers since they would be benefiting from the money spent by the municipalities that did do a special census. They are working on resolution through MAG. The good thing is the legislation will provide for annual adjustments in population.

Assistant to the Town Manager Mary Vinzant reported the FY16 revenue will be \$66,000,000 with the biggest portion (38%) from income tax and the next largest portion (29%) from sales tax. In FY17 there will be a jump in revenue as the population number is adjusted after the special census. After that the annual adjustments will be approximately two percent a year. While the Town's population continues to increase there are other communities with more room to grow and their annual increases will be greater.

Interim Intergovernmental Relations Director Heather Wilkey went over some of the effects of State legislation on the Town's revenue. There will be an assessment on Transaction Privilege Tax (TPT) to fund Arizona Department of Revenue (ADOR). HURF funding has been swept by the legislature to use for other purposes. Limitations have been placed on how System Development Fees (SDFs) can be used. Fund sweeps from State agencies such as the Arizona Department of Environmental Quality (ADEQ) are resulting in higher fees charged by those agencies.

Assistant Town Manager Marc Skocypec gave an overview of the Public Safety Personnel Retirement System (PSPRS) reform. The problem is the fund is \$6,200,000,000 underfunded. The League of Cities and Towns formed a task force to look at this issue. The yardstick contains their recommendations. The unfunded liability cannot be undone. Changes can be made going forward, but people already in the system cannot be changed. There are two systems in Gilbert, one for police and one for fire. The difference in the two has to do with personnel moving among cities. Compared to other municipalities, Gilbert's unfunded portion is relatively small at \$36,000,000. A Defined Benefit Plan can work if structured correctly. The proposed new system would add consistency between the systems. Councilmember Jenn Daniels said she is working with a group that discussed putting the yardstick recommendations into a bill. That will probably not happen next session.

The Arizona State Retirement System (ASRS) update is much more fluid and does not have the systemic problems of PSPRS. There was discussion about the need for a sustainable system

Assistant Town Manager Marc Skocypec said there is anticipation there will be a bond sale in Spring 2016. The bonds were authorized by the voters in October 2007. There are \$220,000,000 in unfunded street projects with \$70,100,000 authorized bonds not yet sold. The authorized bond money that has been spent went towards projects that were completed mostly in the north part of Town. There is no expiration date on the authorized bonds. When bonds were authorized the publicity pamphlet said the money would be used for transportation projects, it did not identify specific projects. If the bonds are not sold in the spring CIP projects will begin shutting down. The Town needs to have a discussion with residents that projects were delayed because of the recession. There has been an explosion of growth and CIP projects are needed. New bonds cannot go before the voters for authorization until the November 2016 election. Those bonds will

be needed for parks and the public safety facility. Councilmember Victor Petersen said he is not comfortable issuing bonds, the authorization for which is nine years old. Councilmember Jenn Daniels does not want people to think the previous bond issue was all spent and wasted and now the Town is asking for more. Mayor John Lewis said he is in the middle, he wants to do what is best for citizens and they do want the street work completed. The Town will need to reach out to citizens to explain they are being fiscally responsible. Town Manager Patrick Banger said with the rates of high growth the Town needs to be flexible and these funds will allow that. The problem with getting reauthorization to sell bonds is it will be two years before there will be money to spend on these projects.

11. Council Administration - presentation and discussion on:
  - a. summary of FY2015 accomplishments and FY2016 goals update
  - b. review of take-a-ways, direction, decision points, and assignments.

There was discussion about tweaking the minimum debt service law so it will allow municipalities to replenish funds after money is spent. Assistant to the Town Manager Leah Hubbard said the League of Cities and Towns shared these same concerns with the Legislature before the bill was passed. The Town still has the opportunity to reach out to their legislative representatives.

Councilmember Eddie Cook asked about the Heritage District report and if there were any feelings on what top things needed focus downtown. He would like to see some direction on where to move. Councilmember Jenn Daniels would like to look at selling Town owned property where it makes sense. The sooner parking is addressed downtown the better. She does not like a pay for parking model. Mayor John Lewis would like the circulation of traffic considered. There was discussion on whether it would be better to sell land or lease land. Councilmember Jordan Ray wants what gives the best return. He does not want the Town to be a landlord. Councilmember Victor Petersen said he prefers the highest return and not owning the property. He would like net gains made from property sales reinvested into parking. Councilmember Jenn Daniels said it is important to maintain the Heritage District's relevance as a destination.

Mayor John Lewis said the AAA bond rating was a big accomplishment this year.

Learning and Development Manager Julie Landspurg went over the items placed in the "parking lot" and the items identified for future discussion.

## **ADJOURN**

Mayor John Lewis adjourned the meeting at 10:16 am.

## **ATTEST:**

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John W. Lewis, Mayor

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Lisa Maxwell, CMC, Deputy Town Clerk

**CERTIFICATION**

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the special meeting of the Town Council of the Town of Gilbert held on the 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> days of August, 2015. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this \_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
Lisa Maxwell, CMC, Deputy Town Clerk